

## TRANSPORTATION DEPARTMENT[761]

### Notice of Intended Action

#### Proposing rule making related to salvage motor vehicles and providing an opportunity for public comment

The Department of Transportation hereby proposes to amend Chapter 405, “Salvage,” Iowa Administrative Code.

#### *Legal Authority for Rule Making*

This rule making is proposed under the authority provided in Iowa Code sections 307.12, 321.52 and 321.69.

#### *State or Federal Law Implemented*

This rule making implements, in whole or in part, Iowa Code sections 321.52 and 321.69.

#### *Purpose and Summary*

This proposed rule making relates to titling and registration of salvage motor vehicles and aligns with existing legal authority and Department practice. Iowa Code section 321.52 and 761—Chapter 405 provide a specific process for obtaining a regular certificate of title for a wrecked or salvage vehicle that has been rebuilt, including undergoing a salvage theft examination. A regular certificate of title is necessary before a rebuilt vehicle may be transferred to a new purchaser.

**Title brands.** These proposed amendments remove outdated language that no longer appears on the title as well as conform to current Department practice of the system printing the brand on the title, rather than the title being physically stamped. The proposed amendments also address the fact that Iowa is the only state that prints the “prior salvage” designation on the title rather than using the “rebuilt” designation. While these two phrases mean the same thing, other states do not recognize the “prior salvage” designation and it can sometimes cause confusion. Changing the title designation in Iowa to “rebuilt” rather than “prior salvage” will ensure consistency with other states and make the process more efficient because there will be less need for follow-up clarifications. Finally, these proposed amendments conform the rules related to the titles for foreign vehicles to the proposed amendments to utilize the designation “rebuilt” rather than “prior salvage” but still account for times when a record check for a foreign vehicle may reflect that the vehicle was previously titled in Iowa under a “prior salvage” designation.

**Salvage theft examinations.** These proposed amendments address the process for converting a salvage title to a regular title to reflect the current practice of notating in the computer system when a salvage theft examination is complete, rather than issuing a physical certificate of completion. These proposed amendments also do the following:

- Clarify that educational institutions may also be assigned a salvage certificate of title as authorized by Iowa Code section 321.52(4)“b.”
- Utilize current terminology for the salvage theft examination form and align with current practice by no longer requiring an owner to certify by affidavit if a representative will be present at the salvage theft examination.
- Outline that there is a three-year period in which an owner seeking a salvage theft examination can request that the examination be scheduled utilizing the original fee.
- Strike an outdated requirement to use a physical form as evidence of completion of a salvage theft examination because this form is now completed electronically.
- Align the rules with current Department practice of accessing the affidavit of salvage vehicle repairs via the Department’s website.

- Provide that if a peace officer needs to utilize a physical salvage theft examination certificate, a peace officer is required to use a controlled form provided by the Department for such purposes.
- Align the rule with the fact that in almost all cases, there is no longer a physical salvage theft examination certificate, while maintaining the existing content of the rule that the results of a salvage theft examination are not transferable.

#### *Fiscal Impact*

Iowa Code section 321.52(4)“d” sets the fee for a salvage theft examination at \$50, with \$40 being retained by the local law enforcement agency completing the examination. The remaining \$10 is split evenly between the Road Use Tax Fund and the General Fund, with the General Fund portion being credited to the Iowa Law Enforcement Academy. In FY 2019, approximately 15,000 salvage theft examinations were completed. The Department does not anticipate a significant increase or decrease in the number of salvage theft examinations because of this rule making. From 2016 to May 29, 2020, there have only been 47 examinations scheduled that have not yet been completed. If all 47 applicants waited three years before completing an examination and had to pay a new fee, the Department estimates an additional \$2,350 in fees would be generated because of this rule making (47 x \$50 = \$2,350), with \$235 of that going to the Road Use Tax Fund.

#### *Jobs Impact*

After analysis and review of this rule making, no impact on jobs has been found.

#### *Waivers*

Any person who believes that the person’s circumstances meet the statutory criteria for a waiver may petition the Department for a waiver under 761—Chapter 11.

#### *Public Comment*

Any interested person may submit written comments concerning this proposed rule making or may submit a written request to make an oral presentation at a public hearing. Written comments or requests to present oral comments in response to this rule making must be received by the Department no later than 4:30 p.m. on November 10, 2020. Comments should be directed to:

Tracy George  
Department of Transportation  
DOT Rules Administrator, Strategic Communications and Policy Bureau  
800 Lincoln Way  
Ames, Iowa 50010  
Email: [tracy.george@iowadot.us](mailto:tracy.george@iowadot.us)

#### *Public Hearing*

If requested, a public hearing to hear oral presentations will be held on November 12, 2020, via conference call from 9 to 10 a.m. Persons who wish to participate in the conference call should contact Tracy George before 4:30 p.m. on November 10, 2020, to facilitate an orderly hearing. A conference call number will be provided to participants prior to the hearing.

Persons who wish to make oral comments at the public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rule making.

Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact Tracy George, the Department’s rules administrator, and advise of specific needs.

The public hearing will be canceled without further notice if no oral presentation is requested.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rule-making actions are proposed:

ITEM 1. Amend rule 761—405.1(321) as follows:

**761—405.1(321) Applicability.** This chapter supplements 761—Chapter 400. It applies to salvage motor vehicles and foreign motor vehicles brought into Iowa that are or were salvage, rebuilt or junked. This chapter applies only to motor vehicles subject to registration except that owners of vehicles with a gross vehicle weight rating of 30,000 pounds or more are not required to submit a salvage theft examination ~~certificate~~ to convert a salvage title to a regular title.

ITEM 2. Adopt the following **new** definitions of “Foreign jurisdiction” and “Salvage theft examination certificate” in rule **761—405.2(321)**:

“*Foreign jurisdiction*” means a jurisdiction other than Iowa.

“*Salvage theft examination certificate*” means a certificate, including an electronic certificate in the form and manner prescribed by the department, issued by a peace officer who has been specially certified to conduct salvage theft examinations as provided in Iowa Code section 321.52.

ITEM 3. Amend subrule 405.3(1) as follows:

**405.3(1) Face of title.** Except for vehicles with a gross vehicle weight rating of 30,000 pounds or more, the following shall be ~~stamped in red ink~~ printed on the face of an Iowa salvage title: ~~SALVAGE CANNOT BE REGISTERED WITHOUT A SALVAGE THEFT EXAMINATION CERTIFICATE OR AN INSURER’S CERTIFICATION.~~

ITEM 4. Amend subrule 405.3(3) as follows:

**405.3(3) Reassignment.** Reassignment of an Iowa or a foreign salvage title by a licensed new motor vehicle dealer or by an authorized vehicle recycler is allowed, and the dealer or recycler is not required to obtain a new Iowa salvage title upon assignment of an Iowa or a foreign salvage title to the dealer or recycler, provided a vacant reassignment space is available on the title. If all reassignment spaces on an Iowa or a foreign salvage title assigned to the dealer or recycler have been used, the dealer or recycler shall obtain a new Iowa salvage title in accordance with subrule 405.3(2). The following shall be ~~stamped~~ printed on the dealer reassignment portion of Iowa salvage titles: **ONLY NEW MOTOR VEHICLE DEALERS OR RECYCLERS MAY REASSIGN THIS TITLE.**

ITEM 5. Amend paragraph **405.6(1)“b”** as follows:

*b.* Fair market value is the average retail value found in the National Automobile Dealers Association (NADA) Official Used Car Guide. If there is no value available, the ~~office of vehicle and motor carrier services bureau~~ office of vehicle and motor carrier services bureau shall determine the fair market value upon request. The address is: ~~Office of Vehicle and Motor Carrier Services Bureau, Iowa~~ Office of Vehicle and Motor Carrier Services Bureau, Iowa Department of Transportation, P.O. Box 9278, Des Moines, Iowa 50306-9278.

ITEM 6. Amend rule 761—405.7(321) as follows:

**761—405.7(321) Converting salvage title to regular title.**

**405.7(1) General application procedure.**

*a.* To obtain a regular title, the owner in whose name the salvage title is issued or assigned shall pay the appropriate fees and surrender the ~~following salvage title~~ salvage title when applying for the regular title:

~~(1) The salvage title.~~

~~(2) b. The salvage theft examination certificate issued in the applicant’s name.~~ To obtain a regular title, the applicant shall have completed a salvage theft examination certificate for the vehicle as required

by Iowa Code section 321.52. However, a salvage theft examination certificate is not required if the vehicle has a gross vehicle weight rating of 30,000 pounds or more. See rule 761—405.15(321) for salvage theft examination.

~~b. c.~~ A regular title and registration receipt issued pursuant to this subrule shall bear the designation ~~“prior salvage.”~~ “REBUILT-IA.”

**405.7(2)** *Insurer’s certification.* An insurer who has title pursuant to Iowa Code ~~subsection~~ section 321.52(4) may submit an insurer’s certification in lieu of a salvage theft examination certificate.

a. and b. No change.

c. A regular title and registration receipt issued pursuant to this subrule is not required to have a designation of ~~“prior salvage.”~~ “REBUILT-IA.” However, the title and registration receipt shall bear any designation to be carried forward, as explained in rule 761—405.10(321).

ITEM 7. Amend subrule 405.8(2) as follows:

**405.8(2)** *Foreign title with rebuilt designation.* If the prior title for a vehicle is a foreign title indicating that the vehicle was rebuilt, the Iowa title and registration receipt issued from the foreign title shall contain the designation of “rebuilt” together with the two-letter abbreviation of the name of the jurisdiction that issued the foreign title.

EXCEPTION: If a records check indicates that the vehicle was previously titled in Iowa with a designation of “prior salvage,” the prior salvage designation shall be redesignated as “REBUILT-IA” and the prior salvage “REBUILT-IA” designation takes precedence and shall be carried forward to the Iowa title and registration receipt. If a records check indicates that the vehicle was previously titled in Iowa with a designation of “REBUILT-IA,” the “REBUILT-IA” designation takes precedence and shall be carried forward to the Iowa title and registration receipt.

ITEM 8. Amend paragraph **405.8(4)“a”** as follows:

a. ~~“Prior salvage.”~~ “REBUILT-IA” if the foreign title does not indicate that the vehicle was rebuilt.

ITEM 9. Amend subrule 405.10(1) as follows:

**405.10(1)** The following designations for a vehicle shall be used on Iowa titles and registrations receipts and shall be carried forward to all subsequent Iowa titles and registration receipts issued for the vehicle, unless otherwise specified:

a. ~~Prior salvage.~~ “REBUILT-IA.” This designation supersedes other designations. When a designation of ~~“prior salvage.”~~ “REBUILT-IA” is required pursuant to rule 761—405.7(321), it replaces any other designation.

b. Rebuilt together with a two-letter abbreviation of the name of a foreign jurisdiction. When this designation is required pursuant to subrule 405.8(2), it replaces any other designation except a ~~“prior salvage.”~~ “REBUILT-IA” designation.

c. Damage over 50 percent. As required by Iowa Code section 321.69, a designation of “damage over 50 percent” shall be used when the seller or the buyer indicates on the damage disclosure statement that the person has knowledge that the motor vehicle sustained damage for which the cost of the repair exceeded 50 percent of the fair market value before the motor vehicle became damaged. This designation replaces any other designation except ~~“prior salvage” or “rebuilt.”~~

d. Flood, fire, vandalism or theft. The most recent designation applies. Unless superseded by a ~~“prior salvage,”~~ “REBUILT-IA,” “rebuilt,” or “damage over 50 percent” designation, a designation of “flood,” “fire,” “vandalism” or “theft” shall be used as specified in subrule 405.8(6) and supersedes a “lemon buy-back” designation.

e. Lemon buy-back. Unless superseded by a ~~“prior salvage,”~~ “REBUILT-IA” “rebuilt,” “damage over 50 percent,” “flood,” “fire,” “vandalism” or “theft” designation, a designation of “lemon buy-back” shall be used:

(1) and (2) No change.

ITEM 10. Amend rule 761—405.15(321) as follows:

**761—405.15(321) Salvage theft examination.** Except for foreign salvage titles assigned to licensed new motor vehicle dealers, ~~or authorized vehicle recyclers, or educational institutions,~~ a salvage theft

examination may only be conducted on a vehicle with an Iowa salvage title. The vehicle shall not be examined until it has been completely repaired, except for minor body parts such as trim, body marking or paint.

**405.15(1) General procedure.**

a. A salvage theft examination shall be conducted by a peace officer who has been specially certified, and recertified when required, by the Iowa law enforcement academy to perform salvage theft examinations.

(1) To arrange for a salvage theft examination by an investigator from the department of ~~transportation~~, the applicant shall contact the ~~office of motor vehicle enforcement~~. The address is: ~~Office of Motor Vehicle Enforcement~~ Bureau of Investigation and Identity Protection, Iowa Department of Transportation, P.O. Box 10473, Des Moines, Iowa 50306-0473 6310 SE Convenience Blvd., Ankeny Iowa 50021; by telephone at (515)237-3050; or on the department's website at [www.iowadot.gov](http://www.iowadot.gov).

(2) No change.

b. The owner of the vehicle may drive the vehicle to and from the examination location by completing the permit ~~section~~ to drive located ~~on~~ within the electronic affidavit of salvage vehicle repairs form.

(1) and (2) No change.

c. The owner of the vehicle or the owner's representative must be present for the examination ~~or certify, on the affidavit of salvage vehicle repairs, the name of the person who will be representing the owner at the examination.~~

d. No change.

e. The owner or owner's representative shall electronically make payment for the salvage theft examination at the time the examination is scheduled, and the fee collected shall be distributed in accordance with Iowa Code section 321.52(4) "c." The owner shall have three years from the date the affidavit and payment were submitted to complete the salvage theft examination without having to pay a new fee.

f. If the vehicle passes the salvage theft examination, the peace officer shall ~~complete a~~ approve the completed salvage theft examination certificate ~~on a form prescribed by the department. The form shall be distributed as follows:~~

(1) ~~The white copy shall be mailed with the \$10 to the office of vehicle services at the Des Moines address.~~

(2) ~~The canary copy shall be given to the owner or the owner's representative. This copy must be surrendered when applying for title.~~

(3) ~~The pink copy shall be retained by the examining officer for three years for verification purposes.~~

g. and h. No change.

**405.15(2) Affidavit of salvage vehicle repairs form and salvage theft examination certificate.**

a. The affidavit of salvage vehicle repairs form ~~may be obtained from the office of motor vehicle enforcement at the Des Moines address, any local enforcement agency with officers certified to conduct salvage theft examinations or any local county treasurer's office~~ shall be accessed on the department's website.

b. ~~The~~ If a peace officer finds it necessary to use a physical salvage theft examination certificate, the salvage theft examination certificate shall be a controlled form and furnished by the department.

c. The owner of the vehicle may obtain a duplicate copy of the salvage theft examination certificate upon written request to the ~~issuing officer or agency~~ department.

d. The approved salvage theft examination certificate is not transferable to a different party or owner.

**405.15(3) and 405.15(4) No change.**